

Message Text

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TAGE: EFIN EGEN EI

SUBJ: IRISH BANK STRIKE CONTINUES

REF: DUBLIN 1409, DUBLIN 1267

1. WITH THE IRISH BANK STRIKE NEARING THE END OF ITS SIXTH WEEK, MR MAURICE COSGRAVE, DEPUTY CHAIRMAN OF LABOR COURT, PRESENTED TO THE PRIME MINISTER AUGUST 4 THE RESULTS ON HIS STUDY OF THE SETTLEMENT PROPOSED TO THE BANK OFFICIALS' UNION BY THE BANK MANAGEMENT JUST PRIOR TO THE BEGINNING OF THEIR STRIKE. COSGRAVE HAD BEEN APPOINTED INDEPENDENT ADJUDICATOR JULY 11 TO CONDUCT AN IMPARTIAL STUDY OF THE PRODUCTIVITY ELEMENTS OF THE PROPOSED SETTLEMENT.

2. COSGRAVE'S CONCLUSION REPORTEDLY WAS THAT THE COSTS OF THE PROPOSED SETTLEMENT WOULD FAR EXCEED THE SAVINGS ENCOMPASSED BY ITS PRODUCTIVITY ELEMENTS. A BANK MANAGEMENT SPOKESMAN HAS ALREADY PUBLICLY DISAGREED WITH MR COSGRAVE, SAYING, "THE PRODUCTIVITY PACKAGE THAT WE NEGOTIATED WITH THE IRISH BANK OFFICIALS' ASSOCIATION IS WORTH EVERY PENNY THAT WE PROPOSE TO PAY FOR IT." COSGRAVE HAS SPECIFICALLY STATED IN HIS REPORT THAT THE BANK OFFICIALS' PAY UNDER THE PROPOSALS WOULD INCREASE BY 17.9 PERCENT IN CONTRAST WITH THE 11.8 PERCENT INCREASE CONTEMPLATED BY THE INTERIM NATIONAL PAY AGREEMENT, WHICH COVERS THE BULK OF UNION EMPLOYEES OUTSIDE THE BANKING SECTOR. HIS UNCLASSIFIED

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REPORT ADDED THAT IRISH BANKS APPARENTLY LAG BEHIND THEIR

EUROPEAN COUNTERPARTS IN TERMS OF PRODUCTIVITY, THE IMPLICATION BEING THAT THE PROPOSED SETTLEMENT WOULD CONTRIBUTE FURTHER TO THIS LAG.

3. THE NEXT STEP IS FOR THE GOVERNMENT TO CONSIDER COSGRAVE'S REPORT AND TO CONSULT WITH THE BANK MANAGEMENT AND THE UNION. IT IS APPARENT THAT THE GOVERNMENT WILL FEEL COMPELLED TO RESIST ANY BANK WAGE INCREASE IN EXCESS OF RATES IN THE INTERIM NATIONAL PAY AGREEMENT WHICH ARE NOT COMPENSATED BY INCREASED PRODUCTIVITY. TO DO OTHERWISE WOULD SET AN UNFORTUNATE PRECEDENT THAT WOULD CONTRIBUTE FURTHER TO THE INFLATIONARY PRESSURES IN IRELAND. ON THE OTHER HAND, IT IS NOT CLEAR THAT THE PROPOSAL, WHICH MIGHT HAVE BEEN ACCEPTABLE TO THE BANK UNIONS SIX WEEKS AGO, WOULD NECESSARILY BE ACCEPTABLE NOW EVEN IF APPROVED BY THE GOVERNMENT. IT THUS APPEARS THE STRIKE WILL CONTINUE FOR SOME TIME. CURLEY

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